



Minnesota Housing HFA Preferred Risk SharingTM Product Training

May 8th, 2012



Today's Speakers



Stephanie Oyen
Moderator
Minnesota Housing



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US Bank
Home Mortgage,
MRBP Division

Agenda

- **Speaker introductions**
- **Introduction to Minnesota Housing**
- **HFA Preferred Risk SharingTM terms**
- **Underwriting**
- **Minnesota Housing HFA Preferred Risk SharingTM Product Participation**
- **Committing a loan in HDS**

End long-term homelessness.

Finance new affordable housing opportunities.

Increase emerging market homeownership.

Preserve affordable housing.

A photograph of two young girls of African descent on a staircase. The girl in the foreground is wearing a red shirt and has her arms around the girl behind her. Both are smiling warmly. The background shows a white wall and a metal handrail.

Minnesota Housing finances
and advances **affordable** housing
opportunities for low and moderate
income Minnesotans to
enhance quality of life and **foster**
strong **communities**.

Overview

HFA Preferred Risk SharingTM

- **Exclusively offered through HFAs**
- **Reincarnation of Affordable Advantage**
- **97% LTV with no MI**
- **Higher rate**
- **Anticipated in May 2012**
- **Signed Supplements required from lenders**
- **Only available under the MMP program**

HFA Preferred Risk Sharing™

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Minnesota Housing

U. S. Bank Home
Mortgage, MRBP Division

Fannie Mae



Disclaimer

- ★ This presentation is for basic informational purposes only. It does not modify or replace the information provided by FHA, VA, RD, or Fannie Mae.
- ★ It is the lenders responsibility to follow all specific, current product guidelines, mortgagee letters, announcements, or bulletins. This presentation is for general product requirements.
- ★ Lenders should also follow USB Product descriptions and any bulletins issued by U. S. Bank – MRBP.
- ★ USBank and Minnesota Housing are not liable for loans not meeting product guideline criteria.

Eligible Loan Product

HFA Preferred Risk Sharing™

- ★ **Conventional** 97% LTV with no MI
30-year, fixed-rate
1- unit only
- ★ **Fannie Mae** Underwritten through DU® - “HFA Preferred Risk Sharing”
Approve/Eligible
EA1 not eligible
No manual underwriting

HFA Preferred Risk Sharing™ Terms

★ Loan Terms

- Purchases only (no refinances)
- Fixed-rate
- Fully-amortizing mortgages
- 30-year term

★ Mortgage Insurance

- Not required



HFA Preferred Risk Sharing™ Terms

★ Eligible Property Types

- 1-unit dwellings
- Planned unit developments
- Approved condos

★ Ineligible Property Types

- No manufactured housing or co-ops

★ Eligible Occupancy

- Owner-occupied



HFA Preferred Risk Sharing™ Terms

- ★ **Manual Underwriting**
 - Not allowed
- ★ **Minimum Borrower Contribution**
 - Not required
- ★ **Subordinate Financing**
 - Community Seconds only
 - Ineligible for HAF and HOME HELP
- ★ **Reserves**
 - None



HFA Preferred Risk Sharing™ Terms

- ★ **Qualifying Ratios**
 - Per DU®
- ★ **Income Requirements**
 - MMP income limits
- ★ **Minimum Credit Score**
 - 680
- ★ **Maximum LTV/CLTV**
 - 1 unit = 97% / 105%



HFA Preferred Risk Sharing™ Terms

★ Desktop Underwriter (DU®)

- Available through DU® using the “Additional Data” screen; select “HFA Preferred Risk Sharing.” DU® must recommend Approve/Eligible. EA-1 is not eligible.
- Qualifying ratios, reserves and income requirements are determined by DU®
- Lenders without access to DU should contact US Bank for alternative options

★ Maximum Seller Contributions/Interested Party Contributions

- 3% for LTV greater than 90%
- 6% for LTV less than or equal to 90%

HFA Preferred Risk Sharing™ Terms

★ Homebuyer Education

- Required of at least one borrower

★ Special Feature Code (SFC)

- In addition to other SFC that may apply, SFC 088 should be used to identify any MRB loans. SFC 001 and 820 should be used to identify HFA Preferred Risk Sharing™ loans.



Underwriting Guidelines

- ★ **Credit Underwriting is the responsibility of the originating lender**

- U.S. Bank Home Mortgage (Master Servicer) will not re-underwrite your loans

- ★ **All loans are subject to both internal, and external agency audits**

- ★ **The loan file must also meet Minnesota Housing bond compliance and eligibility requirements**

- Borrower / Property / Loan
- Follow Minnesota Housing Procedural Manual

Correspondent Lending Services

- ★ **US Bank offers correspondent lending services (underwriting) on loans including HFA Preferred Risk Sharing™**
- ★ **Contact US Bank Help Desk at 800-562-5165 to request underwriting services**
- ★ **If US Bank underwrites, there may be additional guidelines (overlays) that need to be followed as well. Those will be communicated to you by our underwriting department.**

Entering in DU[®] Version 8.3

- ★ Loan must be run under DU[®] 8.3 as “HFA Preferred Risk Sharing”
- ★ Select the additional data screen
- ★ Scroll to “HFA Preferred Risk Sharing”
- ★ Complete all other appropriate options
- ★ Click on submit

Entering in DU[®] Version 8.3

Quick 1003

- [Borrower Information](#)
- [Types, Terms & Property](#)
- [Employment Information](#)
- [Income & Housing](#)
- [Assets](#)
- [Liabilities](#)
- [Details of Transaction](#)
- [Declarations](#)
- [Additional Data](#)
- [Submission Errors](#)

[Full 1003](#)

[Link to Underwriting Guides](#)

Entering in DU[®] Version 8.3

Community Lending Information



Community Lending Product



HFA Preferred Risk Sharing

Community Seconds

No

Community Seconds Repayment Structure

Metropolitan Statistical Area or County

Help Desk



★ Lenders

- 1-800-562-5165
- mrbp.helpdesk@usbank.com

★ Underwriters

- bedford-bondunderwriting@usbank.com

Thank you for participating in Minnesota Housing programs!

HFA Preferred Risk SharingTM Loan Product Participation



- **Commitments available beginning May 1, 2012**
 - » **Lenders need to sign an “HFA Preferred Risk Sharing Supplement” before committing loans**
- **\$75 million in initial funding available**
 - » **Expansion potential**

HFA Preferred Risk Sharing™

Minnesota Housing Guidelines

- **Originated only under the Minnesota Mortgage Program (MMP)**
 - » **Borrowers must be first time home buyer at or below MMP Income limits & purchase price limits**
 - » **All other Minnesota Housing requirements apply**
 - » **No HAF or HOME HELP allowed**
 - » **Interest rate higher than standard conventional MMP rate**



HFA Preferred Risk Sharing™

Minnesota Housing Guidelines

Housing Finance Agency

Home Buyers Home Owners Renters	Lending & Funding Partners Real Estate Professionals Home Buyer Educators	Developers, Owners Management Agents Architects & Builders	Homelessness/Housing Assistance Emerging Markets Local Governments	Applications & Forms Resources Training & Technical Services	Investors
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Home > Housing Resources > Training & Technical Assistance Services > Single Family Technical Assistance

Housing Resources

- + Applications & Forms
- + Resources
- + Training & Technical Assistance Services
- Single Family Technical Assistance
- Multifamily Technical Assistance
- + Apply For Funding

Quick Links

- Rent & Income Limits
- Home Cost Limits
- News Room
- About Us
- Frequently Asked Questions
- Driving Directions
- News Signup

Single Family Division Training and Technical Assistance

Minnesota Housing provides training, technical assistance and information sessions and resources to housing industry partners and professionals. We offer live, webinar, and pre-recorded modules on a number of program topics to help our partners work with our programs. First-time homebuyers looking for Home Stretch homeownership education classes should visit the Minnesota Home Ownership Center (HOC) website at www.hocmn.org.

Click on the program links listed below for a schedule of upcoming training and to access program resources and guides.

If you are experiencing difficulties viewing any of the recorded webinars, please download the [GoToMeeting codec](#).

Mortgage Loan Programs

First-time homebuyer mortgage and entry cost assistance programs: Minnesota Mortgage Program (MMP), Community Set-Aside Program (CASA), and the Homeownership Assistance Fund (HAF) includes HRA Preferred Risk Sharing™.

- Applications & Forms
- Resources
- Training & Technical Assistance Services
- Apply For Funding

- Single Family Technical Assistance
- Multifamily Technical Assistance

HFA Preferred Risk SharingTM

Minnesota Housing Guidelines

Single Family Division Mortgage Loan Programs Training and Resources

 [Printer Friendly Version](#)

Minnesota Housing provides training, technical assistance and information sessions to housing industry partners and professionals on a variety of programs and procedures.

HFA Preferred Risk SharingTM

Training Description

Minnesota Housing is enabled by Fannie Mae to exclusively offer the HFA Preferred Risk Sharing loan product, which requires no mortgage insurance. Current lending partners working with our first mortgage programs are encouraged to participate in the webinars. Trainings will be conducted by Minnesota Housing Single Family Homes Division staff and an official from our master servicer, US Bank, MRBP.

The launch of this product is scheduled for May 1, 2012. A fully executed HFA Preferred Risk Sharing Supplement to Participation Agreement is required from each lending partner before that organization may originate loans. An executed Supplement is not required to participate in product training.

Supplements are being mailed out in mid-April.

Upcoming Webinars		Resources For Product
April 17, 2012	2:00 pm - 3:00 pm	<ul style="list-style-type: none">• PRS Term Sheet• PRS FAQs• PRS Supplement Participation Agreement *
April 19, 2012	9:00 am - 10:00 am	

HFA Preferred Risk Sharing™ Information Materials



HFA Preferred Risk Sharing™ Product

Frequently Asked Questions

Did my corporate office receive the paper work for this program?

The e-mail for the Second Supplement was sent to the Minnesota Housing Main Contact and Web Administrator for your company.

Can I contact Minnesota Housing to obtain the form to forward to our corporate office? How many copies should we execute?

The Second Supplement is on our website on the "Lending Partners, Become a Minnesota Housing Lender" page. Please send three original ink copies.

How can I verify if our institution has signed and returned the Second Supplement to the Participation Agreement?

Call the Minnesota Housing Help Desk at 651-296-8215 or 1-800-710-8871.

Is every Minnesota Housing lender eligible to offer the HFA Preferred Risk Sharing™ product?

The HFA Preferred Risk Sharing™ product is available for lenders who participate in the Minnesota Mortgage Program (MMP). Lenders will need to sign a Second Supplement to Participation Agreement in order to commit an HFA Preferred Risk Sharing loan.

What competitive advantage does HFA Risk Sharing have over FHA?

The product offers an affordable interest rate with 97% loan-to-value (LTV) financing with no mortgage insurance required.

What is the interest rate?

The rate will be posted on the interest rate page at www.mnhousing.gov.

Do borrowers have to be in a targeted neighborhood?

No demographic or geographic targeting applies to this program.

Our mortgage assignments for MMP are assigned to U.S. Bank. Under HFA Preferred Risk Sharing™, do we generate our assignments to Minnesota Housing?

No, endorse the note and assign the mortgage to: U.S. Bank National Association

Can we use HAF assistance?

No, HAF is not available with HFA Preferred Risk Sharing™.

What are the income limits and purchase price limits?

The MMP income and purchase price limits apply and are available on the website: www.mnhousing.gov.



HFA Preferred Risk Sharing™ Product

Term Sheet

Overview: Fannie Mae's HFA Preferred Risk Sharing™ product enables eligible state Housing Finance Agencies (HFAs) to deliver loans without mortgage insurance coverage and up to 97% loan-to-value (LTV) ratios. The following requirements need to be met for delivery to Minnesota Housing's Master Servicer, U.S. Bank, MRBP.

PARAMETERS	REQUIREMENTS
Loan Terms	<ul style="list-style-type: none"> • Purchase • Fixed-rate • Fully-amortizing mortgages • 30-year term
Mortgage Insurance	Not required
Eligible Property Types	<ul style="list-style-type: none"> • 1-unit dwellings • Planned Unit Developments • Approved condos
Ineligible Property Types	No manufactured housing or co-ops
Eligible Occupancy	Owner-occupied
Income Requirements	MMP income limits (100% area median income)
Minimum Credit Score	680
Maximum LTV/CLTV	One-unit: 97% / 105%
Desktop Underwriter® (DU®)	<ul style="list-style-type: none"> • HFA Preferred Risk Sharing™ is available through DU® using the "Additional Data" screen; select "HFA Preferred Risk Sharing." DU® must recommend Approve/Eligible. EA-1 not eligible. • Qualifying ratios, reserves and income requirements are determined by DU®
Manual Underwriting	Not allowed
Minimum Borrower Contribution	Not required
Subordinate Financing	<ul style="list-style-type: none"> • Community Seconds® only • Ineligible for HAF or HOME HELP
Reserves	None
Qualifying Ratios	Per DU®
Maximum Seller Contributions/Interested Party Contributions	<ul style="list-style-type: none"> • 3% for CLTV greater than 90% • 6% for CLTV less than or equal to 90%
Homebuyer Education	Required of at least one borrower
Special Feature Code (SFC)	In addition to other SFC that may apply, SFC 088 should be used to identify any MRB loans. SFC 001 and B20 should be used to identify HFA Preferred Risk Sharing™ loans.



Committing HFA Preferred Risk SharingTM

**on Minnesota
Housing HDS
Single Family
Application**



Select the "Loan Info" tab

Action |  Submit |  Delete |  Add HAF |  Backup Loan |  Create Report |  |  | **New Loan Commitment - Detail**

Program: MN Mortgage Program (MBS)

Loan Info | Property Info | Borrowers | Finance | Optional

Loan Number:

Stage: 

Lender Loan Number:

Status: 

Commitment Date:

 Estimated Closing Date:

 Loan Amount:

 Interest Rate: 

 Term in Months:

 Amortization: 

P&I: 

 Loan Type: 

 Purchase Price:

Additional Acquisition Cost:

Acquisition Price:

Select HFA Preferred Risk Sharing Interest Rate

Action | Submit | Delete | Add HAF | Backup Loan | Create Report | | | **New Loan Commitment - Detail**

Program: MN Mortgage Program (MBS)

Loan Info | Property Info | Borrowers | Finance | Optional

Loan Number:

Stage:

Lender Loan Number:

Status:

Commitment Date:

Closing Date:

Loan Amount:

Term in Months:

P&I:

Purchase Price:

Additional Acquisition Cost:

Acquisition Price:

Interest Rate:
5.2500 % - Government
6.0000 % - Conv. HFA Preferred
6.2500 % - Conv. HFA Prefer Risk Sharin
Amortization:

At this time, HFA Preferred Risk Sharing will be our highest rate



Select "Conv. HFA Prefer Risk Sharing" Loan Type

Action | Submit | Delete | Add HAF | Backup Loan | Create Report | K | ? | **New Loan Commitment - Detail**

Lender: 854005 | American Bank - Inver Grove Heights | Program: MN Mortgage Program (MBS)

Loan Info | Property Info | Borrowers | Finance | Optional

Loan Number: Stage:

Lender Loan Number: Status:

Commitment Date: Estimated Closing Date:

Interest Rate: Loan Amount:

Amortization: Fixed Rate Term in Months:

P&t:

Purchase Price:

Additional Acquisition Cost:

Acquisition Price:

Loan Type:

- Conventional Insured
- Conventional Uninsured
- Federal Home Administration
- Rural Development (RD)
- Veteran Affairs (VA)

Select "Optional" Tab

Action | Submit | Delete | Add HAF | Backup Loan | Create Report | | | **New Loan Commitment - Detail**

Program: MN Mortgage Program (MBS)

Loan Info | Property Info | Borrowers | Finance | **Optional**

Loan Number:

Stage:

Lender Loan Number:

Status:

Commitment Date:

Estimated Closing Date:

Loan Amount:

Interest Rate:

Term in Months:

Amortization:

- 4.8750 %
- 5.2500 %
- 6.0000 %

P&I:

Loan Type:

Purchase Price:

Additional Acquisition Cost:

Acquisition Price:

- Conventional Insured
- Conventional Uninsured

Type "Y" in HFA Preferred Risk Sharing Field

Action |  Submit |  Delete |  Add HAF |  Backup Loan |  Create Report |  |  |  New

Lender: 895001 | Advisors Mortgage | Program: MN Mortgage Program (MBS)

Loan Info | Property Info | Borrowers | Finance | **Optional**

Optional Fields

HFA Preferred Risk Sharing :
Y/N ?

Completed Commitment Fields Sample

Action | Submit | Delete | Add HAF | Backup Loan | Create Report | | | **New Loan Commitment - Detail**

Lender: 854005 | American Bank - Inver Grove Heights | Program: MN Mortgage Program (MBS)

Loan Info | Property Info | Borrowers | Finance | Optional

Loan Number:

Stage:

Lender Loan Number: test HFA PRS

Status:

Commitment Date:

Estimated Closing Date: 04/19/2012

Loan Amount: \$136,000.00

Interest Rate: 6.2500 % - Conv. HFA Prefer Risk S

Term in Months: 360

Amortization: Fixed Rate

P&I: \$837.38

Purchase Price: \$142,000.00

Loan Type: Conventional Uninsured

Additional Acquisition Cost: \$0.00

Acquisition Price: \$142,000.00

Easy Access to Rates

www.mnhousing.gov

Current Interest Rates

3.500%

**Minnesota Mortgage Program
Government Rate**

5.990%

Fix-Up Fund

Minnesota Housing offers competitive interest rates on our loan programs.

[Click For More Interest Rates](#)

Home | Login | Sitemap Search

... celebrating 40 years of affordable housing.

ers, Owners ment Agents s & Builders	Homelessness/Housing Assistance Emerging Markets Local Governments	Applications & Forms Resources Training & Technical Services	Investors
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able housing bank, we offer products and services to help
d fix up homes and we support the development and
dable rental housing by offering financing and on-going
of affordable rental housing developments.

ments:

[our 2012 Regional Housing Dialogues throughout April!](#)
[port and Program Assessment Now Available](#)
[National Mortgage Settlement](#)
[Request Summary](#)
[ed and Annual Action Plans](#)

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- First-time Homebuyers
- Foreclosure Assistance
- Home Improvement Loans
- Neighborhood Stabilization Program
- Community Profiles
- RFP Awards

HFA Preferred Risk Sharing™ Interest Rate

Minnesota Housing Current Interest Rates*

Single Family Programs

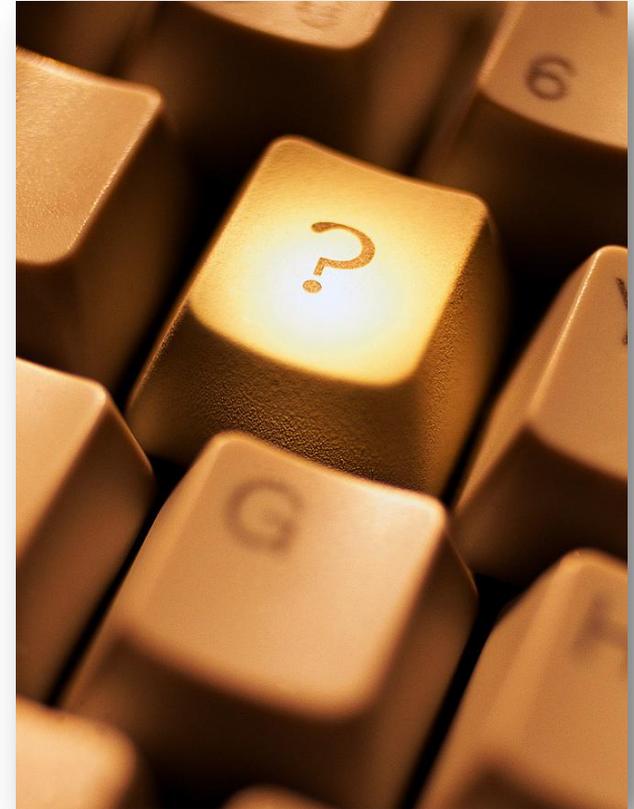
Homeownership Loan Programs

Effective	Government Interest Rate	HFA Preferred™ (Conventional) Interest Rate	HFA Preferred™ Risk Sharing (Conventional) Interest Rate
05/01/2012 08:30 AM			
Minnesota Mortgage Program (MMP)	3.500%	3.875%	4.125%
Community Activity Set-Aside (CASA)	3.875%	4.250%	N/A

Note: The HFA Preferred™ and HFA Preferred Risk Sharing™ incorporate the Fannie Mae/Freddie Mac Adverse Market Delivery Charge. Lenders do not need to charge this fee to the borrower or seller. Lenders must originate all conventional insured or uninsured loans under either the HFA Preferred™ or HFA Preferred Risk Sharing™ product.

Keys to Commitment

- **To successfully commit, make sure you:**
 - » **Select the interest rate associated with HFA Preferred Risk Sharing™ product from available selections on loan tab**
 - » **Select appropriate Loan Type from available selections on loan tab**
 - » **Place a capital “Y” in the HFA Preferred Risk Sharing Y/N field on the optional tab**



Co-Branded Marketing

- **Minnesota Housing tools to help you promote our programs**
- **General program information pre-printed materials you can order –no charge**
 - » **Program reference guides**
 - » **Deck cards**
- **Download and customize online - print at your shop**
 - » **Information sheets**
 - » **Customizable print advertisement templates (coming soon)**

Co-Branded Marketing

Download materials off the web

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Celebrating 40 years of affordable housing.

Home Buyers Home Owners Renters	Lending & Funding Partners Real Estate Professionals Home Buyer Educators	Developers, Owners Management Agents Architects & Builders	Homelessness/Housing Assistance Emerging Markets Local Governments	Applications & Forms Resources Training & Technical Services	Investors
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Current Interest Rates

3.50%
Minnesota Mortgage
Government

5.990%
Fix-Up Fund

Minnesota Housing offers competitive interest rates on our loan programs.

[Click For More Interest Rates](#)

Quick Links

- [Rent & Income Limits](#)
- [Home Cost Limits](#)
- [News Room](#)
- [About Us](#)

Minnesota Housing's affordable housing bank, we offer products and services to help homebuyers buy and fix up homes, and we support the development and financing of affordable housing by offering financing and on-going housing developments.

- [Mortgage Loan Program Eligibility](#)
- [HDS Single Family Application](#)
- [Program Guidelines, Manuals & Forms](#)
- [Single Family Training & Technical Assistance](#)
- [Become a Minnesota Housing Lender](#)
- [Single Family eNews Archives](#)
- [Co-Branded Marketing Opportunities](#)
- [Single Family Servicing](#)

News

- [Rybak: City's future depends on revitalizing North Side | StarTribune.com](#)
Wed, 11 Apr 2012
- [New Center in Duluth Offers Housing for Natives Hoping to Start New Lives - ICTMN.com](#)
Wed, 11 Apr 2012

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- First-time Homebuyers
- Foreclosure Assistance
- Home Improvement Loans
- Neighborhood Stabilization Program
- Community Profiles
- RFP Awards




Minnesota Housing

Customer Service Line

Minnesota Housing

Single Family Homes Division Help Desk

7:30 am to 5:00 pm

651.296.8215 or 800.710.8871

Or

Stephanie Oyen

651-297-3132

stephanie.oyen@state.mn.us

Kirsten Partenheimer

651-297-3656

kirsten.partenheimer@state.mn.us